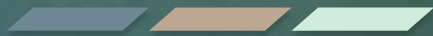




- It's Time for a Legislative Update -



A large, detailed statue of Lady Justice, the personification of the goddess of justice. She is depicted as a woman with curly hair, wearing a classical robe, holding a sword in her right hand and a pair of scales in her left. The statue is set against a blue background.

AGENDA

❖ FEDERAL LEGISLATION UPDATE

❖ CALIFORNIA LEGISLATION UPDATE

❖ B&P NEWS

❖ CARRIER NEWS





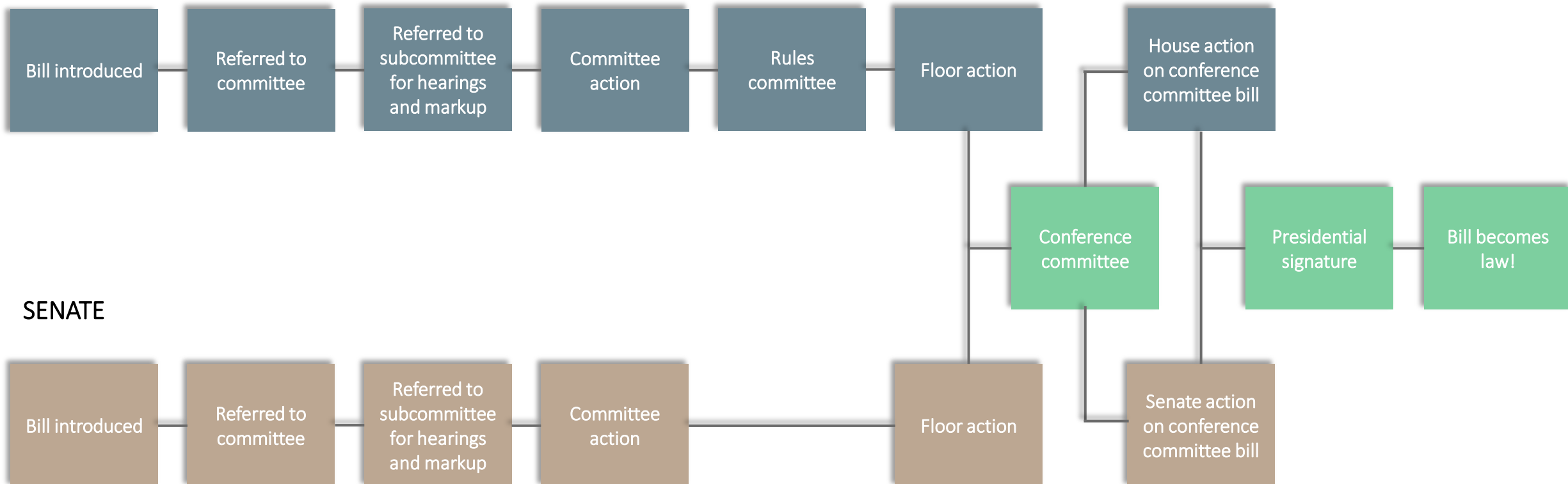
CONSTANT CHANGES

Both federal and state legislation efforts are constantly changing. As changes are passed, B&P will create new resources for you. In the meantime, connect with B&P to stay up to date on the latest and greatest legislative changes.

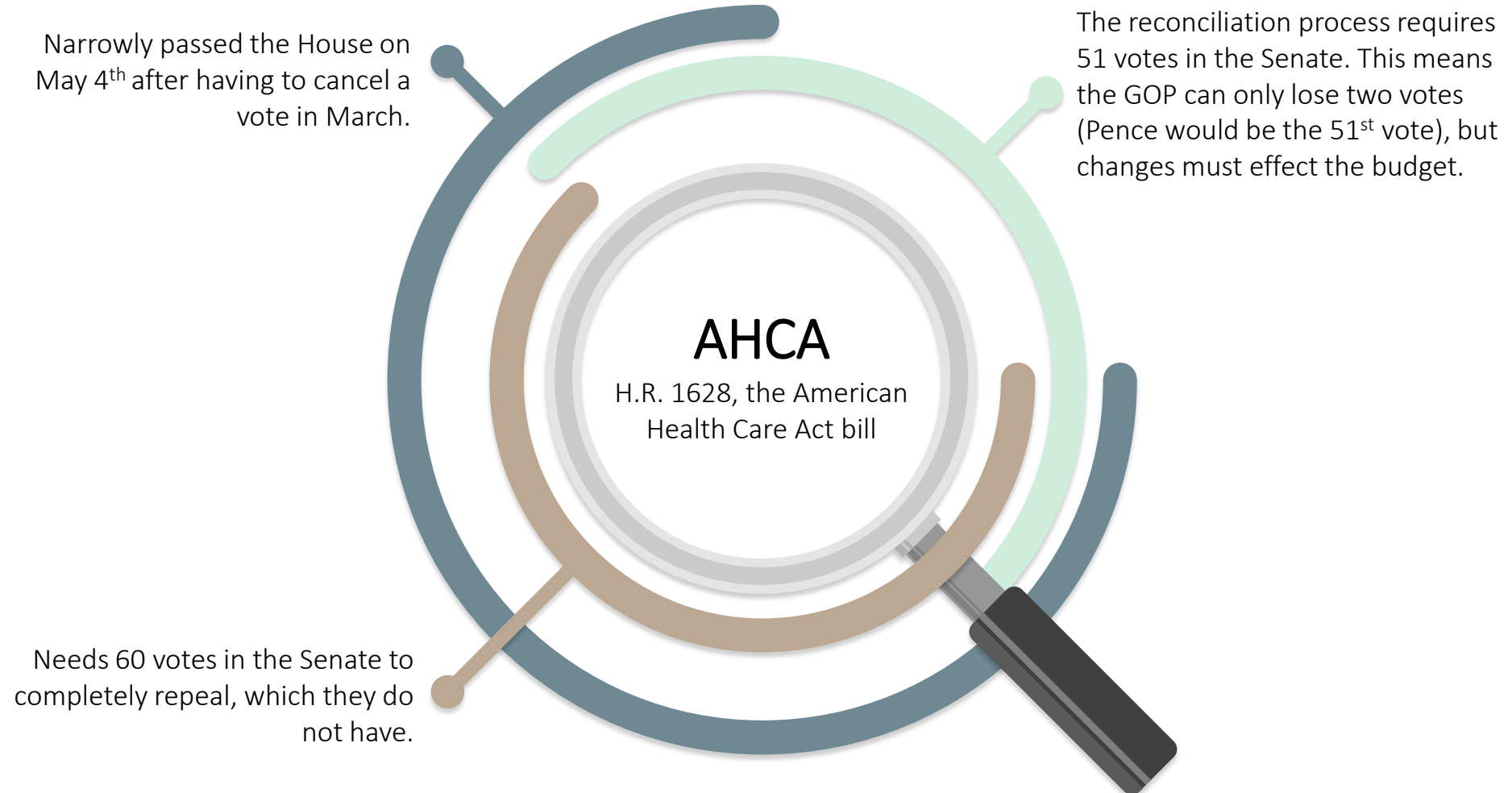


HOW A BILL BECOMES A LAW

HOUSE



FEDERAL LEGISLATION





AHCA AS PASSED BY THE HOUSE

- ❖ Ends penalty for not having insurance retro to 12/31/15
- ❖ Creates a 30% penalty for 12 months for a 63+ day lapse in coverage effective 2019
- ❖ Subsidies would be replaced in 2020 by tax credits based on age and income for people without coverage through their ER or gov't program
 - ❖ \$2,000 per person under 30
 - ❖ \$4,000 per person over 60 (flexibility added to increase for 60-64)
 - ❖ Tax credits start phasing out at \$75K/indiv. & \$150K/family
 - ❖ Tax credits end at \$215K/indiv. & \$290K/family
- ❖ Ends cost sharing (deduct., etc.) subsidy effective 2020





AHCA AS PASSED BY THE HOUSE

- ❖ Ends Employer mandate (but 1094 & 1095 reporting is not changed)
- ❖ Removes Actuarial Values
- ❖ Ends most ACA Taxes (HIT, Medical Devices, OTC RX, etc.) effective 2017
(maintains the Cadillac tax until 2025)
- ❖ Expands HSA plans effective 2018:
 - ❖ Increases amounts to min. of \$6,550/\$13,100
 - ❖ Allows spouse's to make additional contributions
 - ❖ Allows OTC RX
 - ❖ Penalty tax for non-medical purposes would decrease
 - ❖ from 20% to 10% (pre-ACA level)
- ❖ Expands FSA Plans:
 - ❖ Allows OTC RX
 - ❖ Eliminates current \$2,600 limit



AHCA AS PASSED BY THE HOUSE

- ❖ Ends Medicaid expansion effective (at the start of) 2020
- ❖ Block grant funding vs. originally proposed per person allotment
- ❖ Gives States the option of imposing work/school requirements
- ❖ Does not allow members of Congress to be exempted from waivers states may adopt
- ❖ Creates funds of \$138 billion:
 - ❖ Patient and State stability fund (to expand coverage, increase insurance options, promote access to benefits, and reduce out-of-pocket spending) and
 - ❖ Federal Invisible Risk Sharing Program (funds risk pools for insureds with pre-existing conditions)



AHCA AS PASSED BY THE HOUSE

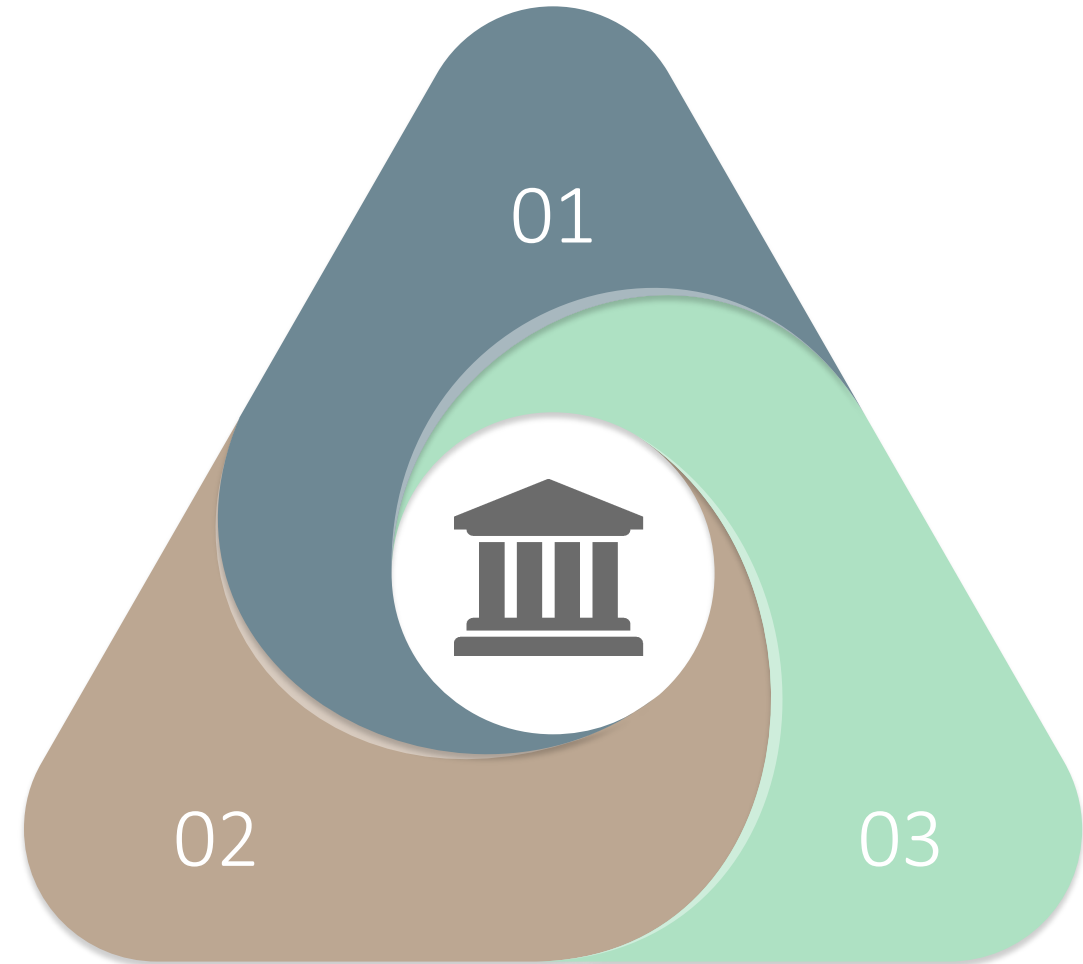
Allows states to apply for waivers to eliminate 3 ACA regulations:

01 As of Jan. 1, 2018 states could increase premium age ratio of 3:1 to higher than 5:1

02 As of Jan. 1, 2019, states would be allowed to medical underwrite customers with a lapse in coverage of 63+ days resulting in higher premiums, built in \$8 billion to help insureds in high risk pools

03 As of Jan. 1, 2020, states could define their own Essential Health Benefits which could change lifetime limits, annual limits, and out-of-pocket maximums

There is concern that not all of the proposed AHCA meets the special budget rules of Reconciliation





CONGRESSIONAL BUDGET OFFICE

On May 24th, the nonpartisan CBO delivered a damaging critique of the GOP-written bill the House approved May 4.

- ❖ Create 23 million additional uninsured Americans by 2026;
- ❖ Lower premiums for younger and healthy people because insurance would cover less services; and
- ❖ Result in unhealthy, poorer and older consumers with higher premiums and out-of-pocket costs.
- ❖ AHCA would decrease deficit by \$119 billion over 10 years
- ❖ 1/6 of population in non-group markets would be unstable by 2020 (Republican states)
- ❖ Some GOP members claim the CBO report is inaccurate



SENATE

- ❖ 13 member panel is re-writing a more modest version of the House plan
- ❖ Senate is focusing on the following issues:
 - ❖ Medicaid expansion and spending
 - ❖ Affordability of individual insurance through income based tax credits vs. current subsidies
 - ❖ Senate has no interest in proposed high risk pools but would rather see reinsurance to insurers
 - ❖ Control rising premiums especially for older and poorer
 - ❖ How to retain coverage for pre-existing conditions
- ❖ Latest approach is a two step process:
 - ❖ Stabilize premiums in Exchanges 2018 & 2019
 - ❖ Including cost-sharing subsidies (co-pays & deductibles)
 - ❖ Phase out mandate vs. ending abruptly
 - ❖ Repeal in 2020

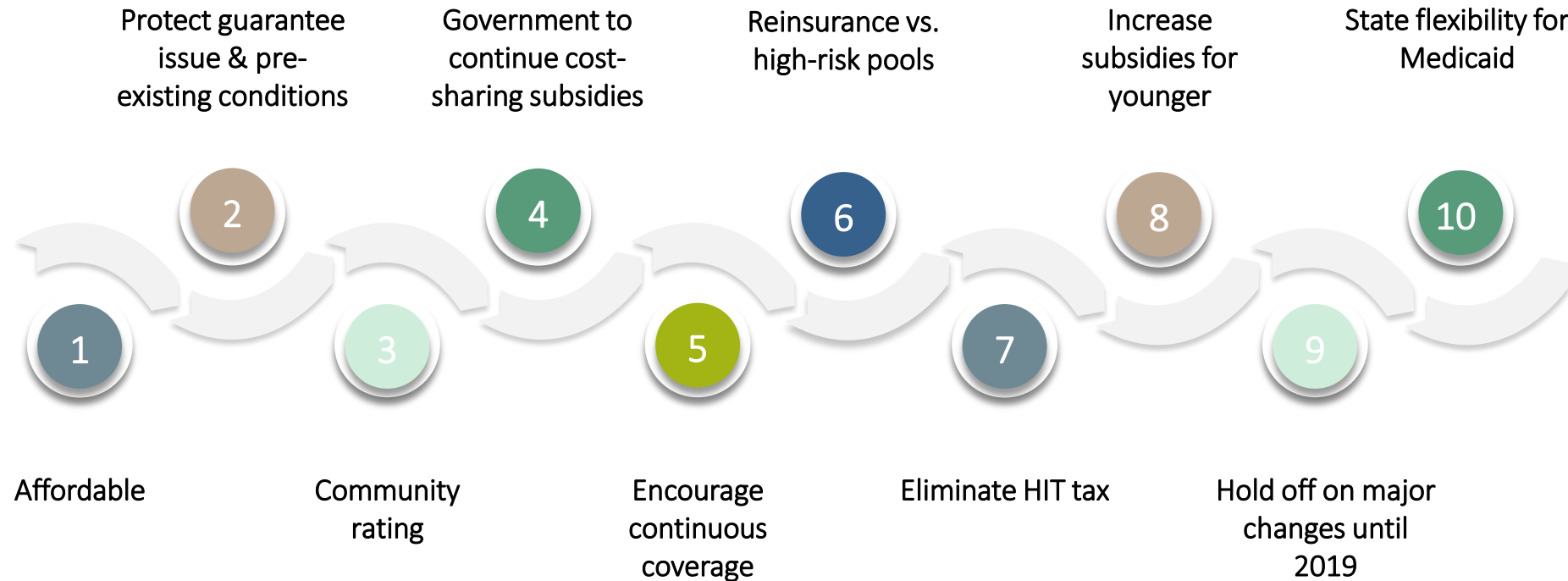




SENATE

- ❖ Senate GOP leaders are not confident they can get to 50 votes
- ❖ Competing philosophies in the GOP:
 - ❖ Make changes to ACA (Obamacare)
 - ❖ Completely repeal ACA, or create State waivers (CBO states waivers could destabilize the market)
- ❖ Goal is to have something to vote on before their August recess

AMERICA'S HEALTH INSURANCE PLANS (AHIP) REQUEST OF SENATE





CALIFORNIA LEGISLATION

- ❖ SB 562 The Healthy California Act
- ❖ State Run Single Payer HealthCare





SINGLE PAYER vs. UNIVERSAL CARE

Single Payer: replaces private insurance companies (one entity pays claims)

- ❖ Increases wait times
- ❖ Rations care
- ❖ Decreases innovation
- ❖ Increases taxes
- ❖ Reduces jobs
- ❖ Providers may choose to leave the state, unhappy with reimbursement amounts
- ❖ Doesn't eliminate provider "paperwork", Medicare and Medicaid require government reporting
- ❖ Doesn't control inflated costs:
 - ❖ Insurance companies profits average 2% (cost of care vs. insurance premiums)
 - ❖ MLR controls admin costs

Universal Care/Public Option

- ❖ When the government offers an alternative to other insurance options



CA SB 562 SINGLE PAYER HEALTHCARE

- COVERAGE -

All current coverage (Medicare, Employer Sponsored, Individual, Medicaid, etc.) would be replaced.

The bill would cover all:

- ❖ Medical services including:
 - ❖ inpatient
 - ❖ outpatient
 - ❖ emergency services
 - ❖ mental health
- ❖ dental, vision, nursing home care, and
- ❖ workers comp



CA SB 562 SINGLE PAYER HEALTHCARE

- ❖ Network would include all CA licensed providers
 - ❖ Doctors may not find this system attractive because of reimbursement levels and may leave CA
- ❖ No referrals required
- ❖ Services while traveling
- ❖ No authorizations required – encourages fee for service which drives up costs
- ❖ No premiums or out of pocket costs for covered services





CA SB 562 SINGLE PAYER HEALTHCARE

- ❖ Would cover every resident regardless of income, immigration status, and Medicare coverage (eliminates co-pays for Medicare Part B)
- ❖ Insurers could not cover services covered by the State
- ❖ Increase CA unemployment by 18%
- ❖ Law would be administered by a nine-member, unpaid board appointed by the governor and Legislature and a public advisory committee of doctors, nurses, health care providers and consumers



CA SB 562 SINGLE PAYER HEALTHCARE

- COST -

Estimated cost is \$400 billion annually

- ❖ \$200 billion could come from current state programs
 - ❖ Would require permission from the Feds to direct Medicare and Medicaid funds to all Californians
- ❖ State would have to find the remaining \$200 billion, current CA General Fund is \$124 billion
- ❖ \$69 billion in higher taxes mandated for education, water, and transportation
- ❖ Original estimated cost was \$9,200 per person
 - ❖ Example a family of 5 = \$46,000 additional taxes per year
 - ❖ This assumes every California pays taxes (45% of Californians do not pay taxes)
- ❖ A payroll and income tax higher for upper income earners (estimated at 15% last week)





CA SB 562 SINGLE PAYER HEALTHCARE

- PROPONENT COST ESTIMATE -

Estimated cost is \$400 billion annually

- ❖ \$75 billion could be saved through efficiencies
- ❖ \$225 billion could come from federal and state programs
- ❖ The remaining \$100 billion could come from taxes
 - ❖ 2.3% tax on businesses
 - ❖ 2.3% sales tax for all Californians

CA SB 562 SINGLE PAYER HEALTHCARE





CA SB 562 SINGLE PAYER HEALTHCARE

- STATUS -

- ❖ Deadline for a vote is Friday, June 2
- ❖ Last week (May 25) a change was added making the law contingent on the funding to pay for it
 - ❖ This means it could pass but nothing would change because it is difficult to obtain a 2/3 vote to increase taxes.
- ❖ ACA provided access to care but it didn't help with the cost of healthcare so the Healthcare debate will continue
- ❖ If there is Federal Legislation that passes, that "repeals" ACA vs. "repairs" it then it is likely California will be motivated to pass legislation
- ❖ Gov. Brown has stated he will veto SB 562 because he doesn't see how CA could pay for it, but the conversation will continue and the CA Governor front runner Newsom is supportive



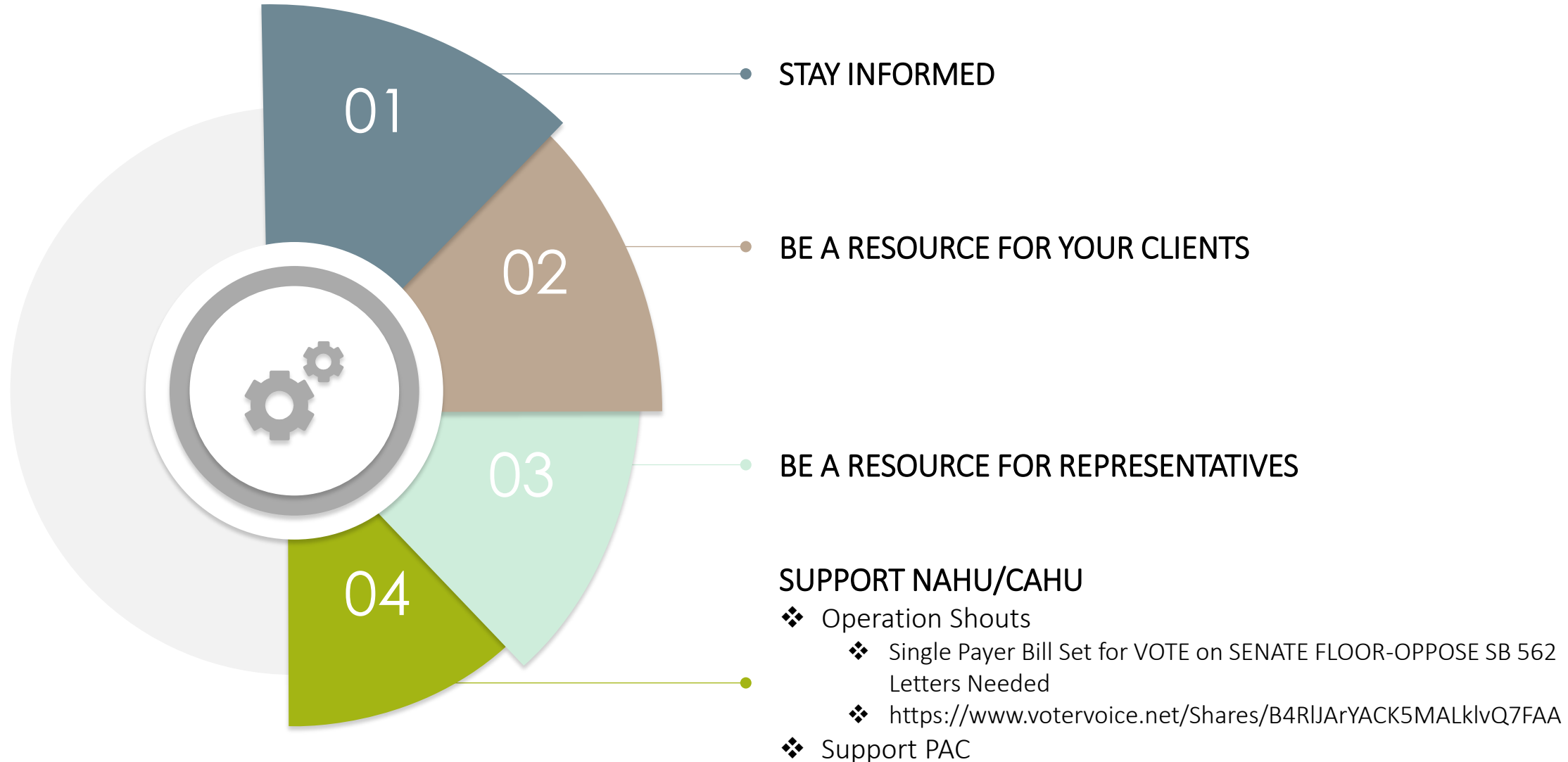
SUGGESTIONS TO IMPROVE THE COST OF HEALTHCARE

- ❖ Transparency of the cost of care and services
- ❖ Pay providers based on quality of care (including innovation) vs. quantity
- ❖ Fair prescription drug prices while still encouraging R&D
- ❖ Lifestyle choices
- ❖ Guarantee access
- ❖ Choice of carriers, providers, and plans
- ❖ Continue Employer coverage: with tax incentives but minimize admin burdens
- ❖ Mandate coverage, steep penalties for those that go without coverage
- ❖ Premium tax credit for low income





WHAT YOU CAN DO





B&P NEWS

❖ **Now available:** EaseCentral export to
bpUnderwriting

EaseCentral  Submit to bpUnderwriting

❖ **Coming in June:** bpQuote (healthconnect)
enrollment export to EaseCentral

bpQuote  EaseCentral

❖ **Website generator tools**

- ❖ Network comparisons
- ❖ Deductible accruals report
- ❖ COMING SOON:
 - ❖ Underwriting Guidelines
 - ❖ Like plans comparison



CARRIER UPDATES

- ❖ **Anthem:** encouraging groups to make changes through Employer Access
- ❖ **DE-9C** no longer required when selling Specialty stand-alone or adding to an inforce Medical group
- ❖ **HealthNet:**
 - ❖ Now allows any metallic plan and network to be sold- no longer bound within Enhanced Choice A and B portfolios
 - ❖ Participation down to 35% as long as PPO Platinum, Gold, or Silver are NOT offered
- ❖ **UHC:** introduced a 3rd portfolio, Choice Simplified II, that includes a HSA 2000 and full-network HSA 4800



THANKS FOR JOINING!

Questions?

Three horizontal bars of different colors: blue, orange, and green.